REDACTED – For Public Inspection

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Application by SBC Communications Inc.,	)	
Michigan Bell Telephone Company, and	)	WC Docket No. 03-138
Southwestern Bell Communications Services,	)	
Inc. for Provision of In-Region, InterLATA	)	
Services in Michigan	)	

SUPPLEMENTAL REPLY AFFIDAVIT OF JUSTIN W. BROWN, MARK J. COTTRELL AND MICHAEL E. FLYNN

REGARDING BILLING

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Schedule of Attachments

We, undersigned, being of lawful age and duly sworn upon our oaths, do hereby depose and state as follows:

INTRODUCTION

1. My name is Justin W. Brown. I am General Manager – Regulatory Support for SBC Midwest.[1] My background and qualifications are provided in my initial affidavit regarding SBC Midwest's Local Service Center ("LSC") and Local Operation Centers ("LOCs"), which was filed in this proceeding.[2]

2. My name is Mark J. Cottrell.[3] I am Executive Director – Long Distance Compliance – OSS for the Michigan Bell. My background and qualifications are provided in my initial affidavit regarding SBC Midwest's Operations Support Systems ("OSS"), which was filed in the initial Michigan proceeding (WC Docket No. 03-16) (App. A, Tab 6).

3. My name is Michael E. Flynn.[4] I am Director – Billing Project Management for SBC Services, which includes SBC Midwest. My background and qualifications are provided in my initial affidavit regarding SBC Midwest's billing systems, which was filed in the initial Michigan proceeding (WC Docket No. 03-16) (App. A, Tab 12).

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[1] When used in this affidavit, the term "SBC Midwest" refers to the five state local exchange carrier operations of Illinois Bell Telephone Company; Indiana Bell Telephone Company, Incorporated; Michigan Bell Telephone Company; The Ohio Bell Telephone Company; and Wisconsin Bell, Inc. All five SBC Midwest states utilize the same billing systems, which are managed, monitored and maintained on a region-wide basis.

[2] *See* Supplemental Affidavit of Justin W. Brown, Mark J. Cottrell and Michael E. Flynn, *attached to* Application by SBC Communications, WC Docket No. 03-138 (FCC filed June 19, 2003) ("Brown/Cottrell/Flynn Joint Supp. Aff.") (Supp. App. A, Tab 2).

[3] *See* Joint Supplemental Affidavit of Mark J. Cottrell and Beth Lawson, *attached to* Application by SBC Communications, WC Docket No. 03-138 (FCC filed June 19, 2003) ("Cottrell/Lawson Supp. Aff.") (Supp. App. A, Tab 3).

[4] *See* Brown/Cottrell/Flynn Joint Supp. Aff.

PURPOSE OF AFFIDAVIT

4. As explained in its Application, SBC Midwest provides CLECs with accurate, timely, and auditable billing and usage information in compliance with the requirements of the Telecommunications Act of 1996 ("Act"). This joint supplemental reply affidavit responds to the comments of AT&T Corp., Competitive Local Exchange Carriers Association of Michigan ("CLECA"), MCI, National ALEC Association ("NALEC"), Sage Telecom, Inc. ("Sage") and TDS Metrocom, LLC ("TDS").

5. At the outset, it is important to put these comments into context. First, SBC Midwest's billing OSS processes and procedures are exceedingly complex and involve extremely large commercial billing volumes. For example, every year, SBC Midwest's Carrier Access Billing System ("CABS") bills more than $3 billion a year, and generates more than 6,000 monthly CLEC bills for a variety of UNE and interconnection products. Every month, CABS processes more than 4 billion usage records, including more than 1 billion UNE-P CLEC usage records. SBC Midwest's Resale Billing System generates more than 500 CLEC bills every month, and processes more than 5 million usage records every month. SBC Midwest completed approximately 220,000 rate table updates, including price schedule work, updates to support access products, tariff rate changes, and rate updates to support the implementation of new products. More than 150,000 of these rate table updates were to support CLEC billing in CABS.

6. Second, these billing systems, processes and procedures were the subject of a comprehensive independent third-party review that SBC Midwest passed with flying colors. Specifically, BearingPoint conducted extensive reviews and transaction testing in six different areas related to daily usage information, monthly bills and overall billing

support to CLECs. BearingPoint concluded that SBC Midwest satisfied 95 out of 95 test points, or 100%, of the applicable test criteria. *See* BearingPoint, Michigan OSS Evaluation Project Report, Transaction Verification and Validation and Processes and Procedures Review, Final Results Update, at 6 (Apr. 30, 2003) (Supp. App. C, Tab 15).

7. Third, SBC Midwest undertook a database reconciliation to ensure the accuracy of the CABS database. An independent auditor, Ernst and Young ("E&Y") was engaged to validate the accuracy of this reconciliation, and reinforce the integrity of billing process and verify the current database accuracy. In addition, E&Y performed a comprehensive review of SBC Midwest's rate accuracy by reviewing recurring, non-recurring, and usage charges.

8. Fourth, given the extraordinary complexity of SBC Midwest's billing systems, processes and procedures and the substantial commercial billing volumes handled by SBC Midwest, occasionally there will be billing discrepancies that need to be reviewed and, if appropriate, corrected. However, as will be discussed in more detail below, none of the billing claims raised by the CLECs reflect systemic wholesale billing problems. Many of the claims raised by CLECs describe incidents that are outdated or involve small disputed amounts, and thus do not indicate any competitive impact on CLECs. Other claims raised by CLECs are so general and lacking in detail that it has been difficult for SBC Midwest to investigate and respond to their claims. Although CLECs do raise a few isolated claims of billing errors, none of the their claims demonstrate any systemic issues with SBC Midwest's billing OSS, and/or succeed in rebutting SBC Midwest's showing that its billing OSS are compliant with Checklist Item 2.

INDEPENDENT THIRD-PARTY TESTING

9. It is axiomatic that in a proceeding such as this there will always be issues, some of which SBC Midwest and CLECs may not agree upon. However, that is precisely what third-party testing is designed for and why it should be given substantial weight in this application. SBC Midwest's billing systems have been tested twice by independent third-parties, and both the results of BearingPoint's testing, as well as E&Y's testing, undermine any claim that SBC Midwest's billing systems are deficient.

BEARINGPOINT

10. As described in SBC Midwest's supplemental filing, BearingPoint's Bill Production and Distribution Process Evaluation (PPR 13), examined SBC Midwest's processes and procedures to prepare CLEC bills on a monthly basis, to distribute those bills to CLECs in a timely manner, and to archive historical bills.[5] It involved a review of the documentation that supports the bill production and distribution process, interviews of SBC subject matter experts involved in bill production and distribution, interviews with the CLECs to discuss their experiences in receiving accurate and timely bills, and an examination of results of its own transaction testing in TVV 9.[6]

11. Likewise, in its Functional Carrier Bill Evaluation (TVV 9), BearingPoint conducted a transaction-based analysis of the accuracy and timeliness of SBC Midwest's bills that complemented the PPR 13 test. The results from both tests provide substantial evidence that SBC Midwest's bills are accurate.

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[5] *See* Brown/Cottrell/Flynn Joint Supp. Aff. ¶ 17.

[6] *Id.* (citation omitted).

12. Both AT&T and MCI claim that the BearingPoint test of SBC's billing capabilities did not include testing of CABS accuracy since the conversion or the reconciliation.[7] This is not accurate. BearingPoint successfully tested SBC's billing systems in the fall of 2002, after both the conversion process was complete and SBC's process improvements were implemented.

13. Because of the problems that SBC Midwest had during and after the CABS conversion, SBC Midwest initially did not pass BearingPoint's test for the timely posting of new UNE-P service order activity to CABS in the four Midwest states that was conducted in early 2002. SBC Midwest worked diligently throughout the spring and summer of 2002 to eliminate the mechanical posting problems with RoboTask and manual posting problems in the LSC.[8] Then, on August 1, 2002, BearingPoint published Exception 127, version 2 stating that retesting would occur in Illinois, Indiana, and Wisconsin. In performing this retest of TVV 9-32, BearingPoint utilized 35 UNE-P test case scenarios in each state. BearingPoint submitted orders during the months of August and September 2002, and reviewed the bills for August, September, and October 2002 to determine whether the service order activity appeared by the second available bill. The results were outstanding. BearingPoint determined that the "Billing Test CLEC's" UNE-P service order activity was timely posted to the bills 97.1% of the time in Illinois and 100% of the time in both Indiana and Wisconsin.

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[7] *See* Comments of AT&T Corp., WC Docket No. 03-138, at 32-33 (FCC filed July 2, 2003) ("AT&T Comments"); Joint Declaration of Sarah DeYoung and Shannie Tavares, ¶ 14, *attached to* AT&T Comments ("DeYoung/Tavares Decl."); Declaration of Sherry Lichtenberg, ¶ 14, *attached to* Comments of MCI, WC Docket No. 03-138 (FCC filed July 2, 2003) ("Lichtenberg Decl.").

[8] *See infra* ¶¶ 21-22; Brown/Cottrell/Flynn Reply Affidavit ¶¶ 19-20, *attached to* Reply Comments of SBC Communications, WC Docket No. 03-16 (FCC filed Mar. 4, 2003) (Reply App., Tab 3) ("Brown/Cottrell/Flynn Reply Aff."); Ex Parte Letter from Geoffrey M. Klineberg, Kellogg, Huber, Hansen, Todd & Evans, P.L.L.C., to Marlene H. Dortch, FCC, WC Docket No. 03-138 (Apr. 3, 2003) ("SBC's April 3 Ex Parte").

14. BearingPoint's findings are persuasive for several reasons. First, they demonstrate that, at a minimum, by August 2002, new service order activity submitted by CLECs would properly post to CABS. Had this not been the case, orders submitted by BearingPoint would not have posted correctly. Second, BearingPoint's findings clearly show that enhancements put in place by SBC to address issues stemming from the conversion were successful. What is critical is that BearingPoint tested SBC's billing systems not only *after* the conversion, but also *after* SBC had implemented its corrective actions through the summer of 2002. Thus, the BearingPoint test establishes that *prior to* the reconciliation, CABS was generating UNE-P bills that accurately reflected the information posted to the CABS system. Although SBC thoroughly validated the reconciliation results, it is not necessary that BearingPoint conduct testing post-reconciliation. BearingPoint tested the billing systems (*i.e.*, the programming and processes) and found them to be accurate and timely. In contrast, the reconciliation addressed the synchronization of the CABS and ACIS data records (*i.e.*, inputs to the programs and processes). The combination of BearingPoint's successful testing with SBC's reconciliation efforts ensures that bills provided to CLECs are timely, accurate, and auditable.

15. Sensing these excellent results however, CLECs criticize these findings, because they occurred prior to the reconciliation.[9] In response to that criticism, SBC engaged Ernst & Young ("E&Y") to perform testing *post-reconciliation*. Yet once again, though the independent third-party testing shows that SBC Midwest's billing systems are accurate (and not the result that the CLECs desire for 271 purposes), CLECs cry foul.

[9] *See* AT&T Comments at 32-33.

ERNST & YOUNG

16. It is indisputable that E&Y performed comprehensive testing, which further contradicts the CLECs' claims that billing issues are unresolved. First, in a comparison of database accuracy, E&Y found in excess of 99% accuracy between CABS and ACIS, after more than 1.7 *million* service orders were processed by SBC Midwest between the time of the ACIS/CABS reconciliation (January 2003) and the E&Y comparison conducted using April 23, 2003 ACIS data.[10] Forty-six (46) percent of those circuits sampled experienced service order activity since the reconciliation. E&Y's findings therefore, confirm that *post-reconciliation* service order activity is posting to the billing system appropriately.[11]

17. Second, E&Y performed a comprehensive review of SBC Midwest's rate accuracy by reviewing recurring, non-recurring, and usage charges. In order to ensure that the E&Y review reflected the accuracy of actual customer billing experiences, the E&Y sample was selected from actual UNE and UNE-P accounts and testing was performed from end-to-end.[12] The E&Y review traced rates from the CLEC interconnection agreement, to the billing system rate tables, through to the actual bills rendered. In addition, E&Y's sample reflects the USOCs that CLECs predominantly order and SBC Midwest bills.[13] For the

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[10] *See* Brown/Cottrell/Flynn Joint Supp. Aff. ¶ 65.

[11] *Id.* ¶ 66.

[12] The samples from live customer records that E&Y selected included those MRCs and NRCs that are most frequently ordered by and billed to the CLECs. For example, MRC USOCs included within the sample represented more than 82% of the UNE Loop MRC USOCs and about 100% of the UNE-P MRC USOCs most frequently ordered by and billed to the CLECs. NRC USOCs included within the sample represented more than 86% of the UNE Loop and about 100% of the UNE-P NRC USOCs most frequently ordered and billed to the CLECs. NRC USOC charges are one time event charges billed through CABS. Examples of UNE-P NRC USOC charges are NHCHG – Migration Charge, NR9UV – Subsequent Service Order and NR90E – Loop Service Order-Disconnect.

[13] Brown/Cottrell/Flynn Joint Supp. Aff. ¶ 78.

monthly recurring charges E&Y found a 1.56% error rate, for non-recurring a 1.31% error rate, and for usage a 3.16% error rate.[14]

RECONCILIATION

18. If the CLEC allegations are viewed in context, it is clear that they do not substantiate that SBC Midwest's billing functionality is discriminatory. In their comments, the CLECs are conducting much of the day-to-day billing claims through the regulatory process rather than on a business-to-business basis. AT&T and MCI continue to criticize SBC Midwest's enormous efforts concerning the reconciliation. They generally allege that their internal records show that the reconciliation was not successful, that SBC Midwest applied credits and debits inappropriately, and that E&Y's additional testing did not address the billing problems.[15]

19. Further, AT&T points out that SBC Midwest made no attempt to address discrepancies and inaccuracies in SBC Midwest's usage reports.[16] SBC Midwest engaged E&Y to thoroughly review and report on the accuracy of the January 2003 reconciliation and several other billing-related issues, as outlined above. It was not necessary for E&Y to examine the DUF processes related to the reconciliation effort, particularly since E&Y validated that the usage process was independent of the posting of individual UNE-P circuits.[17] Moreover, the DUF process was tested extensively by BearingPoint as a

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[14] *Id.* ¶¶ 81-85; Affidavit of Brian Horst, *attached to* Application of SBC Communications, WC Docket No. 03-138, Attach. C at 31-33 (FCC filed June 19, 2003) ("Horst June 2003 Supp. Aff.") (Supp. App. A, Tab 7).

[15] *See* Comments of AT&T at 25-29; DeYoung/Tavares Decl. ¶¶ 19-37; Comments of MCI, WC Docket No. 03-138, at 1-9 (FCC filed July 2, 2003) ("MCI Comments"); Lichtenberg Declaration ¶¶ 3-28.

[16] *See* DeYoung/Tavares Decl. ¶¶ 31-35.

[17] *See* Horst June 2003 Supp. Aff., Attach. C at 6.

component of the extensive OSS test, which was conducted with substantial participation from the CLECs and state commissions.

20. AT&T claims that SBC Midwest has failed to fully rectify its problems or provide proof that changes to the billing systems have been successfully made.[18] First, as shown above, BearingPoint's OSS test in August through October of 2002 concluded that the ongoing UNE-P order processing and associated billing was indeed working timely for those circuits established following the conversion and associated clean up effort. That testing has now been supplemented by E&Y to validate that the reconciliation was executed as designed, which synchronized the databases for those circuits that may have carried residual issues from the conversion.

21. Second, as stated previously, SBC Midwest has made many system changes related to the processing of UNE-P orders since the conversion, including improvements to Robotask processing and LSC work management tools.[19]

22. Some of these improvements include:

- Development of a "follow-up" capability that allows the last person working an item to include notes and follow-up instructions for future users who might encounter this same item. To the extent that "re-work" scenarios remained, this capability added efficiencies for subsequent work, allowing those service representatives to benefit from information regarding the previous service representative's activity;
- Addition of "Notes Tool" functionality, which allows the system to mechanically relate the CABS order to the ACIS order as the CABS order is being manually worked. This functionality also permits the removal of orders from the LSC work list once the order has been processed and updates the CABS database; and

[18] *See* DeYoung/Tavares Decl. ¶¶ 20-22.

[19] *See* SBC's April 3 Ex Parte, Attachment at 4.

- Development of referral codes for categorizing service orders, allowing for the development of specialized skill sets within groups of service representatives. For instance, service orders falling into the "Complex" referral code are quickly referred to a specialized team for handling, allowing other service representatives to focus on working more typical orders.
- Robotask logic was enhanced to mechanically process UNE-P coin requests. Prior to this change, service orders for UNE-P coin service were written manually by the service center. This change improved flow-through of mechanical processing.
- Robotask logic was enhanced to filter Record ("R") orders that did not require a CABS order. Examples of this type of order would be a correction to the service address. Since service address is not maintained in CABS, no order is needed. This improved flow through by eliminating ASON orders that did not require CABS orders.

23. SBC Midwest will continue to make system changes in order to improve mechanical and manual order processing in the future as needed. Third, E&Y's testing related to the accuracy of the ACIS and CABS databases and its rate accuracy validation, provide independent evidence that the UNE-P billing process is indeed very accurate and timely.

24. Additionally, on June 17, 2002, SBC Midwest offered to provide CLECs with an optional Lines in Service ("LIS") report. The LIS report is a snapshot report that lists all active dial-tone based lines in service attributed to a CLEC account on a given date.[20] To the extent that a CLEC believes that there is a database issue, the CLEC has an opportunity to continuously keep their databases trued up by using the Lines in Service reports provided by SBC Midwest. This report is generated from ACIS data and is designed to assist CLECs in ensuring that their billing system databases are in sync with SBC Midwest's inventory of their circuits. Several CLECs have utilized this report and SBC Midwest has worked with those CLECs to investigate potential issues. The Lines in Service report can be produced on a monthly basis to maintain billing database

[20] The report is a snapshot of Ameritech Customer Information System ("ACIS"). *See* Accessible Letter CLECAM02-256 (June 17, 2002) (App. H, Tab 30).

synchronization. AT&T has not ordered this important tool in the last twelve months – only recently requesting the LIS report. If AT&T had legitimate doubts concerning the accuracy of their circuits, they could have utilized the LIS. Instead, AT&T chose to use this 271 proceeding to present this information for the first time.

25. Specifically, AT&T claims that out of 2,114 telephone numbers for which a detailed review was undertaken, AT&T found problems with 1,941 – or 92% – of them.[21] First, to put this claim in context, AT&T has approximately *** *** UNE-P lines that are billed each month in Michigan. Even assuming that every one of those identified circuits was in error due to some fault of SBC Midwest, then the error rate, based on AT&T's own data, would be merely *** ***. In reality though, SBC Midwest's preliminary results indicate that the error rate is far lower. Out of the 1,941 total telephone numbers that AT&T produced,[22] SBC Midwest has been able to review approximately 95% of them (over 1,840). During its preliminary analysis, SBC Midwest service representatives compared and analyzed each telephone number with service order activity in various SBC Midwest systems.

26. Out of the circuits that SBC Midwest has reviewed, the preliminary results indicate that approximately three-quarters of the discrepancies are due to AT&T's inaccurate record keeping, rather than to errors attributable to SBC Midwest. An example of discrepancies due to AT&T's inaccurate record keeping include instances where the requested telephone number provided by AT&T on the order was not available and SBC Midwest communicated via a Firm Order Confirmation ("FOC") the actual telephone number that it assigned to the AT&T customer. However, it appears that in these instances AT&T did

[21] DeYoung/Tavares Decl. ¶ 7.

[22] SBC Midwest was not provided an electronic version of AT&T's confidential attachment until July 7, 2003.

not change its records to reflect the provisioned telephone number that SBC Midwest actually communicated to AT&T.[23] Another example is when AT&T apparently failed to update its records to reflect its own subsequent change order requesting that the original telephone number be changed to a different telephone number. *See* Attachment A.

27. As is to be expected in any complex billing matter, SBC Midwest has identified some errors that are attributable to SBC Midwest; generally speaking, however, these errors appear to be the result of manual service order errors by SBC Midwest service representative failing to follow the appropriate guidelines (*e.g.*, exclusion of an accurate telephone number within a FOC/Service Order Completion ("SOC") or an account being established with the incorrect CLEC for the telephone number through a manual error in the service order process). SBC Midwest's preliminary analysis suggests that the small number of errors actually attributable to SBC Midwest do not reflect any systemic billing problems. By contrast, the number of errors directly attributable to AT&T's own mistakes substantially undermines the credibility of its allegations.

28. As AT&T itself admits, reviews of this kind are highly labor intensive. During the course of its preliminary review, SBC Midwest has spent hundreds of hours investigating these circuits. It should be obvious that these types of billing claims are best handled on a business-to-business basis, rather than debated in a regulatory setting. SBC Midwest can only hope that AT&T will choose to work with SBC Midwest on a business-to-business level to investigate any additional alleged inconsistencies that AT&T believes

[23] Although a CLEC may request a specific telephone number in its Local Service Request, SBC Midwest reserves the right to assign a different number if the requested telephone number was: (a) already placed in service, (b) previously reserved or (c) if reserved, the reservation period exceeds 30 calendar days before an LSR is submitted. *See* CLEC Handbook – Telephone Number Requests. If the requested telephone number is changed, the new telephone number is communicated to the CLEC in a FOC. *See* CLEC Handbook – Notifications.

exist.[24] Indeed, within the next week, when SBC Midwest's preliminary analysis is complete, it intends to share the results with AT&T via the Account Team in order to help AT&T identify and correct the errors in its own record-keeping systems.

29. AT&T alleges that, with respect to the Reconciliation, in many cases SBC Midwest could not substantiate the connect or disconnect dates at all for some circuits.[25] It is true that there were some circumstances where actual connect and disconnect dates could not be determined *mechanically*. For the ACIS/CABS reconciliation, the disconnect date of the UNE-P circuit (for credits) and establishment date (for credits) was determined based on data maintained in SBC Midwest's usage processing system, known as the Common Ameritech Message Processing System ("CAMPS"). Among other things, CAMPS receives a daily update from ACIS for posted provisioning service order activity, including the effective dates of service orders for the establishment, change and disconnection of service. SBC Midwest used CAMPS for this purpose because the circuit establishment and disconnect dates, although updated from ACIS, could be more easily extracted from CAMPS.

30. In each case where the actual start and stop dates could not be determined *mechanically*, SBC Midwest took the conservative approach to either credit back to the start date of the circuit, essentially providing over credits to CLECs, or not seeking to back bill, resulting in under debits to the CLECs.[26] This conservative approach was designed into the Reconciliation in order to make the process efficient, timely and accurate. Although the

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[25] *See* DeYoung/Tavares Decl. ¶¶ 23-29.

[26] CAMPS date information is not retained indefinitely, consequently, disconnect dates may not have been retrievable for the purposes of reconciliation. The lack of a matching start date is a data currency situation that can occur between batch systems.

execution of the Reconciliation has been thoroughly audited, SBC Midwest remains willing to work with CLECs to resolve any remaining questions that they may have.

31. AT&T makes reference to receiving a list in June 2003 of 238 telephone numbers that were erroneously excluded in the reconciliation.[27] The vast majority of telephone numbers impacted by the reconciliation were sent to AT&T in March 2003. The billing for these 238 telephone numbers was reestablished in March 2003 (without generating debits to the impacted CLECs).[28] Due to an oversight, this list was not sent to AT&T until late June 2003.

32. Finally, AT&T complains at length regarding SBC Midwest's application of credits and debits for the Reconciliation.[29] However, SBC Midwest applied credits and debits consistent with the CLEC's applicable interconnection agreement.[30] In addition, SBC Midwest's process to apply credits and debits was completely validated by E&Y.[31] To the extent that AT&T or other CLECs have concerns with the way in which SBC Midwest applied credits and debits for specific circuits, those issues should be addressed on a business-to-business basis. If questions do arise, SBC Midwest continues to be willing to negotiate an appropriate resolution.

33. MCI has also questioned SBC Midwest's calculation of debits and credits related to the reconciliation.[32] As indicated above, SBC Midwest believes that it has applied credits

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27 *See* DeYoung/Tavares Decl. ¶ 30.

28 *See* Horst June 2003 Supp. Aff., Attach. B, fn 13.

29 *See* DeYoung/Tavares Decl. ¶¶ 23-29.

30 For purposes of the reconciliation review, as well as the other verification efforts of E&Y (*e.g.* loop rate zone, merger discount review) the "applicable interconnection agreement" utilized was the interconnection agreement that was in effect as of the date the utility was executed. *See* Horst Supp. Aff, Attach. B at 6.

31 *Id.*, Attach. C at 7-10.

32 *See* Lichtenberg Decl. ¶¶ 12-16.

and debits appropriately, but is open to discussion with MCI regarding these issues. In fact, SBC Midwest met with MCI on June 24, 2003, with a subject matter expert providing a reconciliation presentation to MCI, as well as addressing additional questions from them.

34. During the June 24th call with MCI, MCI pointed out that the number of credits received out of the reconciliation, based on "from" dates, did not diminish over the course of 2002. Based on this information, MCI apparently believes that the process improvements put in place by SBC Midwest have had no impact. SBC Midwest examined the reconciliation OC&Cs for MCI whose "from" date appeared in December 2002. The vast majority of OC&Cs generated during this timeframe stemmed from two circumstances. First, the ACIS extract problem, where a program problem prevented ACIS from sending all of the UNE-P accounts to the reconciliation, resulted in the reconciliation inadvertently removing valid UNE-P circuits from CABS.[33] The removal of these UNE-P circuits generated credit OC&Cs, which was thoroughly audited by E&Y. Secondly, there are occasions when duplicate end office entries are established on the CABS database. This can cause some circuits for the end office to appear in one place, and other circuits to appear in another location for the same end office. The reconciliation moved all circuits under one end office assignment. This had no impact on customer billing. However, it did generate offsetting OC&Cs to the CLEC. These two situations had nothing to do with correcting billable UNE-P billing information from UNE-P order activity applied in December 2002.

[33] *See* Brown/Cottrell/Flynn Joint Supp. Aff. ¶ 44, n.56.

35. MCI alleges that SBC Midwest did not properly credit CLECs for circuits that were no longer being billed at the time of the reconciliation.[34] Generally, a circuit that was no longer in service at reconciliation, presuming that it was in service at one point in time, would have been disconnected through the normal service order process. When a disconnect order is processed, the Effective Billing Date on the order would ensure that the appropriate fractional charges are calculated and displayed on the CLEC's bill. Although SBC Midwest is unaware of any such instances, if MCI has specific examples that it believes need investigation, SBC Midwest is willing to look into these claims.

36. MCI alleges that SBC Midwest should also have provided credits for NRCs and usage as part of the reconciliation.[35] MCI asserts that if SBC Midwest was charging MCI for circuits that did not belong to MCI, a nonrecurring charge was erroneously applied. The reconciliation, however, was focused on providing NRC credits on circuits for which a disconnect order may not have processed due to the out-of-sync condition caused by the UNE-P conversion effort. SBC Midwest is unaware of any circumstances related to the conversion or subsequent clean up efforts that would have caused erroneous NRCs or usage charges to be generated. Conversely, in circumstances where SBC Midwest has identified that circuits were not being billed, the reconciliation did not seek to recover any NRCs. If MCI has any particular situations in which they believe that they were erroneously charged NRCs, SBC Midwest is willing to work with MCI on a business-to-business basis to resolve such claims.

37. Ms. Lichtenberg claims that, "[i]n a June 3 meeting between SBC and MCI, SBC explained that the incorrect usage charges stem primarily from network manual errors by

[34] *See* Lichtenberg Decl. ¶ 11.

[35] *Id.* ¶ 25.

LSC representatives."[36] It is somewhat difficult to determine what Ms. Lichtenberg means by "network manual errors" attributed to LSC representatives given the LSC Service Representatives do not perform any traditional network functions.[37] Service Representatives are human and may inadvertently process an order with charges that should not apply in a given situation. To the extent that manual errors occur during the LSC's manual order writing process, the LSC Billing team is in place to collaboratively work through CLEC billing issues with MCI and all CLECs to resolve billing issues. While human error can never be completely eliminated, SBC Midwest has put resources (LSC) and processes (billing and dispute processes) in place that provide the CLECs with the ability to effectively compete in the marketplace.

38. MCI also contends that since SBC Midwest doesn't keep track of installation dates, that it would be very difficult to resolve future billing disputes.[38] As explained to MCI, if SBC Midwest was unable to identify the service start and stop dates *mechanically* based on the usage guide information, SBC Midwest would then use a surrogate date that resulted in over credits and under debits to the CLECs. However, for the purpose of resolving billing disputes and billing claims, LSC personnel have access to various systems such as ACIS and CABS, which can be used to determine service and or bill dates depending on the nature of the dispute.

39. MCI claims that it is developing an "automated auditing process" to compare the lines in its databases with billing, usage data and line loss reports ("LLNs") from SBC to

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[36] *Id.* ¶ 28.

[37] For example, the LSC does not perform the cross-connection of facilities, circuit design, installation, maintenance and repair functions.

[38] *Id.* ¶ 17.

determine whether it is being billed "only for appropriate lines." Lichtenberg Decl. ¶ 18. After first admitting that development of this auditing program is not completed, MCI nonetheless goes on to raise numerous unsubstantiated allegations concerning the accuracy of SBC Midwest's CABS and ACIS systems based on an "early test run" of data that is "incomplete" because MCI's "software was not finished" when it performed its "test runs." *See id.* ¶ 18. Not surprisingly, the sweeping conclusions reached by MCI using this data are equally unreliable.

40. First, MCI implies that it only recently became aware of potential billing and line loss notification problems with the 487 lines it provided to its Account Team for investigation on April 14, 2003. In fact, MCI's complaint that it is being billed inappropriately for these circuits amounts to nothing more than a rehash of LLN issues that are more than a year old, and were dealt with and resolved in connection with the MPSC 271 proceeding. MCI's argument that the billing on these circuits somehow indicates a "real ongoing problem" with the accuracy of the ACIS database and/or with the effectiveness of the ACIS/CABS reconciliation is unfounded.

41. Specifically, in response to the MPSC's order dated December 20, 2001, SBC undertook to work directly with the CLECs to resolve numerous LLN issues that (among other things) could potentially have resulted in the CLECs continuing to bill after service had been migrated to a new provider (which could happen if an LLN for the line in question was not provided on a timely basis), or failing to appropriately bill an end user (as could happen if an LLN was incorrectly provided on an account which the CLEC had not lost). As detailed in the numerous and voluminous reports filed by SBC with the MPSC

concerning its progress in addressing LLN issues,[39] SBC expended significant resources and effort throughout 2002 to address CLEC issues and concerns related to LLNs and to implement system fixes and enhancements to correct identified problems.

42. Most importantly, in response to CLEC concerns regarding the accuracy of their databases as compared to SBC Midwest's databases following the various LLN fixes and enhancements, SBC developed a "Lines in Service" ("LIS") report that was made available to requesting CLECs pursuant to Accessible Letter CLECAM02-256 (June 17, 2002) (App. H, Tab 30). The LIS report provides a "snapshot" a CLEC's active lines in the ACIS database as of a given date, including (among other things) a list of Working Telephone Numbers ("WTNs") attributed to the CLEC's codes as of that moment in time. Using this report, CLECs may identify discrepancies between their records and SBC Midwest's records for reconciliation. SBC Midwest recommended the ACIS database as the best tool for conducting such reconciliation – a recommendation confirmed by the low rate of errors found in the above referenced database scans.

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[39] *See, e.g.*, SBC Ameritech Michigan's Interim Report on the Line Loss Notification Issue, *On the Commission's Own Motion, to Consider Ameritech Michigan's Compliance with the Competitive Checklist in Section 271 of the Federal Telecommunications Act of 1996*, Case No. U-12320 (Jan. 9, 2002) (App. C, Tab 57); SBC Ameritech Michigan's Supplemental Report on the Line Loss Notification Issue, *On the Commission's Own Motion, to Consider Ameritech Michigan's Compliance with the Competitive Checklist in Section 271 of the Federal Telecommunications Act of 1996*, Case No. U-12320 (Jan. 29, 2002) (App. C, Tab 61); SBC Ameritech Michigan's Supplemental Report on the Line Loss Notification Issue, *On the Commission's Own Motion, to Consider Ameritech Michigan's Compliance with the Competitive Checklist in Section 271 of the Federal Telecommunications Act of 1996*, Case No. U-12320 (Feb. 28, 2002) (App. C, Tab 64); SBC Ameritech Michigan's Supplemental Report on the Line Loss Notification Issue, *On the Commission's Own Motion, to Consider Ameritech Michigan's Compliance with the Competitive Checklist in Section 271 of the Federal Telecommunications Act of 1996*, Case No. U-12320 (Apr. 1, 2002) (App. C, Tab 69); SBC Ameritech Michigan's Supplemental Report on the Line Loss Notification Issue, *On the Commission's Own Motion, to Consider Ameritech Michigan's Compliance with the Competitive Checklist in Section 271 of the Federal Telecommunications Act of 1996*, Case No. U-12320 (May 1, 2002) (App. C, Tab 76) ("May 1, 2002 Report"); SBC Ameritech Michigan's Supplemental Report on the Line Loss Notification Issue, *On the Commission's Own Motion, to Consider Ameritech Michigan's Compliance with the Competitive Checklist in Section 271 of the Federal Telecommunications Act of 1996*, Case No. U-12320 (June 3, 2002) (App. C, Tab 84); SBC Ameritech Michigan's Final Report on the Line Loss Notification Issue, *On the Commission's Own Motion, to Consider Ameritech Michigan's Compliance with the Competitive Checklist in Section 271 of the Federal Telecommunications Act of 1996*, Case No. U-12320 (July 2, 2002) ("Final Report") (App. C, Tab 87).

43. To ensure the best possible accuracy of the LIS report, prior to making the reports available SBC ran scans of the ACIS database to correct error conditions that could result in billing error. For example, one such scan corrected mismatches between FIDs for the business unit indicator (ZBU) for the CLEC and the CLEC code (ZULS for UNE-P, followed by a CLEC identifying indicator) on the ACIS record. Such a mismatch could drive usage to the wrong CLEC. As described in detail in the reports filed with the MPSC, CLECs were actively involved in the preparation for these scans, which were completed on May 10, 2002. Out of almost 2,000,000 records scanned, "mismatch" errors were found on less than 1,000, for an error rate of less than 0.05%. In order to prevent any future occurrences, a system edit to check these FIDs for mismatches prior to processing was implemented on April 6, 2002.[40]

44. To account for possible situations in which the Business Unit indicator and CLEC code FIDs matched on the ACIS record, but the billed name field reflected a different CLEC (which can be caused by service rep error and can result in a UNE-P circuit being billed to the wrong CLEC), an additional validation scan was performed on June 6, 2002, which captured approximately 350 total errors in the SBC Midwest region.[41]

45. MCI has received a copy of the LIS on a monthly basis since it was introduced. In September 2002, MCI contacted the LSC (per the directions contained in the Accessible Letter) and requested that SBC investigate approximately *** *** WTNs out of the more than *** *** WTNs that appeared on its August 2002 LIS report (which reflected lines in service as of July). As reflected in SBC Ameritech Michigan's

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[40] *See* May 1, 2002 Report at 3-5; *see also* Final Report at 4.

[41] *See* Final Report at 4: "Additionally, SBC performed validations between these codes and the billing name to ensure consistency there as well. Errors identified were corrected."

Response to WorldCom's Update on the Line Loss Notification Issue,[42] the total discrepancies identified by MCI for investigation amounted to approximately 2% of its lines in service. Of those, SBC has determined that more than *** *** resulted from record keeping errors on MCI's part, and could not be attributed to any failure on the part of SBC to provide accurate line loss notifications. Thus, less than 0.47% of the WTNs contained in the August 2002 LIS were associated with any potential error on SBC's part.

46. On review of MCI's April 2003 spreadsheet, SBC Midwest has determined that LLNs were in fact sent in error on approximately 360 of the 487 listed WTNs, with MCI record keeping errors accounting for more than 100 of the WTNs. Only three of the erroneous LLNs were sent in 2003 – with the majority being sent prior to July 31, 2002. As noted earlier, MCI receives its LIS report on a monthly basis, providing it with the ability to request reconciliation of any discrepancies between the report and its own database records. Notably, SBC Midwest's ACIS database correctly reflects the WTNs for which MCI received erroneous LLNs as active MCI accounts; the inaccuracies here are in MCI's database – which, using the LIS report, MCI has had more than sufficient opportunity to correct.[43]

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[42] *See* SBC Ameritech Michigan's Response to WorldCom's Update on the Line Loss Notification Issue, *On the Commission's Own Motion, to Consider Ameritech Michigan's Compliance with the Competitive Checklist in Section 271 of the Federal Telecommunications Act of 1996*, Case No. U-12320 (Oct. 24, 2002) (App. C, Tab 112).

[43] Two of the LLNs sent in error in 2003 related to the situation described in CLEC Accessible Letters CLECAMS03-019 (Mar. 6, 2003) (App. J, Tab 3) and CLECAMS03-021 (Mar. 14, 2003) (App. J, Tab 3) when the winning CLEC was on LSOG 5 and assumed only the Billing Telephone Number ("BTN") of a multi-line account. As noted in those letters, MCI was contacted and provided with information that should have allowed it to reconcile these lines in March of this year. The third 2003 LLN error resulted from a manual processing error.

47. Contrary to MCI's contentions, the efforts of SBC and the CLECs to address LLN issues during the course of 2002, the ACIS database scans discussed above, and the use of the LIS report by CLECs to correct their own databases and to call potential errors to SBC Midwest's attention, only served to enhance the accuracy of ACIS and the efficacy of the ACIS/CABS reconciliation.

48. Nor is there any indication that normal order processing activity has contributed to any degree of appreciable error in the ACIS database. Attachment D to the Brown/Cottrell/ Flynn Joint Supplemental Affidavit is a service order flow diagram for UNE-P LSRs. As that diagram illustrates, electronically submitted UNE-P LSRs first go through an editing process in LASR. If LASR determines that the request is flow-through eligible, the LSR is passed to the MOR/BRS system for the mechanized creation of electronic service orders. Those service orders then are sent electronically to ASON, which distributes the service orders to the provisioning system.

49. Using this process flow, mechanically submitted, flow-through eligible UNE-P LSRs are capable of being processed and distributed to the provisioning systems based on information provided by the CLEC on the LSR, with no manual intervention whatsoever. In fact, based on performance measurement data, the vast majority of UNE-P LSRs are processed in just this manner. Specifically, in the March – May 2003 timeframe, more than 96% of flow-through eligible UNE-P LSRs (PM 13), and 88% of total UNE-P LSRs (PM 13.1), processed by Michigan Bell (and reported in PMs 13 and 13.1, respectively) flowed through to provisioning without manual intervention.

50. Once provisioning is competed in ASON, the service orders post to the Customer Service Record ("CSR"), which is stored in the ACIS database. If there are error conditions in

the provisioning systems that prevent the completion or posting of the service order to ACIS, those errors are cleared by LSC service representatives. However, because the LSC intervention in this instance is solely to clear an error condition in the electronic systems to ensure that the order completes and posts appropriately to ACIS, there is minimal chance that this intervention would, instead, be an occasion of error on the ACIS record.

51. Taken together, these facts demonstrate that a very high percentage of UNE-P LSRs process through SBC Midwest's ordering and provisioning systems and post to ACIS on an entirely mechanized basis with negligible opportunity for error on the CSR.

52. As discussed in the Affidavit of Justin W. Brown, electronically submitted LSRs for service types that are not designed to flow through fall out for manual handling by the LSC. *See* Affidavit of Justin W. Brown, *attached to* Application of SBC Communications, WC Docket No. 03-16 (FCC filed Jan. 16, 2003) (App. A, Tab 2). LSC service representatives manually create the service orders for those LSRs in ASON, which then distributes the service orders to provisioning.

53. While manual processing can be a source of potential error on the ACIS CSR, SBC Midwest has undertaken extensive efforts to minimize the opportunity for error, and to quickly correct any errors that may be found to exist. For example, as discussed in the Brown Reply affidavit, during the course of the BearingPoint OSS test, SBC Midwest implemented system modifications and process improvements that raised its Michigan test performance on Customer Service Inquiry ("CSI") accuracy to 92%, just short of the 95% benchmark. *See* Reply Affidavit of Justin W. Brown, *attached to* Reply Comments of SBC Communications, WC Docket No. 03-16 (FCC filed Mar. 4, 2003) (Reply. App.,